

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF TENNESSEE
AT KNOXVILLE**

RE:)	
)	
DAVID MARSHALL WHISNANT,)	
)	CHAPTER 7
)	
)	CASE NO.: 08-32900
)	
Debtor.)	

MOTION TO APPROVE COMPROMISE

NOTICE OF OPPORTUNITY TO OBJECT AND FOR HEARING

Pursuant to Local Rule 9013-1(h)(3), the court may consider this matter without further notice or hearing unless a party in interest files an objection. If you object to the relief requested in this paper, you must file with the clerk of the court at U. S. Bankruptcy Court, Howard H. Baker, Jr. U. S. Courthouse, 800 Market Street, Suite 330, Knoxville, Tennessee 37902 an objection within 20 days from the date this paper was filed and serve a copy on the movant's attorney, David H. Jones, Esquire, P.O. Box 50034, Knoxville, Tennessee 37950, and any other appropriate persons. If you file and serve an objection within the time permitted, the court will schedule a hearing and you will be notified. If you do not file an objection within the time permitted, the court will consider that you do not oppose the relief requested in this paper and may grant the relief requested therein without further notice or hearing.

Comes now the Trustee, G. Wayne Walls ("Walls"), by and through counsel, pursuant to Federal Rule of Bankruptcy Procedure 9019(a), and files his Motion to Approve Compromise, and in support thereof would state and show unto the Court as follows:

1. The Debtor filed a Voluntary Petition under Chapter 7 of the Bankruptcy Code on July 3, 2008. Walls was appointed the Chapter 7 Trustee in this case, and currently serves in that capacity.
2. After his appointment as Chapter 7 Trustee, Walls commenced an investigation of the Debtor's financial activities and records to determine whether

any individuals or entities received transfers that might be avoidable under the Bankruptcy Code.

3. Walls discovered that on or about December 7, 2007, the Debtor sold to his nephew by marriage, Kevin Rhea ("Rhea") and Rhea's wife, certain real property located at 2415 Citadel Lane, Knoxville, TN 37922 (the "Subject Property").

4. The Settlement Statement that was prepared in regard to the sale of the Subject Property by the Debtor to Rhea and Rhea's wife provides that Rhea and his wife received from the Debtor a gift of equity in the amount of \$165,750.00.

5. The contract sales price for the Subject Property was \$750,000.00. At the time of the purchase, the Subject Property appraised for \$767,200.00. Presently, the total indebtedness due on the Subject Property is \$604,700.00. Due to a substantial decrease in market value of the Subject Property, the amount of equity in the Subject Property, if any, is questionable.

6. Walls concluded that the transfer by the Debtor of a gift of equity in the Subject Property in the amount of \$165,750.00 to Rhea and Rhea's wife on or about December 7, 2007 constituted an avoidable transfer under the Bankruptcy Code.

7. After negotiations with counsel for Rhea, Rhea agreed to remit to Walls, in his capacity as the Chapter 7 Trustee, \$15,000.00 to settle any claims that Walls had against Rhea or his wife in regard to this matter. Although Rhea disputes any liability, he is of the opinion that it is in the best interest to settle the

claim with Walls for the sum of \$15,000.00. Rhea's has remitted the \$15,000.00 to his attorney, who is holding the funds in escrow pending the approval of this Motion.

8. Due to the decrease in value of the Subject Property, and the uncertainty as to whether equity exists in the Subject Property, Walls believes that the settlement of the claim for \$15,000.00 is fair, and is in the best interest of the bankruptcy estate. Additionally, settlement of the claim will save the bankruptcy estate attorney's fees and expenses that would be incurred if an adversary proceeding is filed.

9. Accordingly, Walls requests that this Court approve the settlement described herein.

WHEREFORE, above premises considered, Walls prays that:

1. This Court enter an Order approving the settlement and compromise described herein whereby Walls, for the benefit of the Bankruptcy Estate, will receive from Kevin Rhea a payment in the amount of Fifteen Thousand Dollars (\$15,000.00).

2. Walls have such further and other relief to which he is entitled.

Respectfully submitted, this the 21st day of November, 2009.

/s/ David H. Jones
David H. Jones, BPR #011840
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Knoxville, Tennessee 37950
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CERTIFICATE OF SERVICE

The undersigned hereby certifies that I have served a true and exact copy of the foregoing Motion addressed to all creditors and interested parties by US Mail and/or ECF, this 21st day of November 2009.

/s/ David H. Jones

David H. Jones